



LEGISLATIVE AUDITOR'S 1999 REPORT

JLARC Evaluates WorkFirst — Washington's Welfare Reform

Enacted in 1997, Washington's sweeping reform of welfare—**WorkFirst**—also directed JLARC to evaluate and track its implementation. This reform shifts public assistance away from entitlement to a cash grant and toward assisting families temporarily and getting adults from those families back into the work force.

Positive Outcomes, Room for Improvement. Washington's effort at welfare reform has achieved mixed results in its first two years.

- ✓ ***Welfare caseloads are down 31 % from July 1997.*** Savings to date are mainly due to this smaller public assistance caseload.
- ✓ ***Improvements in local planning, in information systems, and in benchmarks for the performance of contracted services*** are needed.
- ✓ ***WorkFirst participants are more likely to get jobs, have higher earnings, work more hours, and leave welfare sooner*** when compared to those in 1996's Aid to Families with Dependent Children (AFDC) program.
- ✓ ***Outcomes from specific WorkFirst services are yet unknown.***

Carrying out this reform is the combined responsibility of four state agencies—Social and Health Services, Employment Security, State Board for Community and Technical Colleges, and Community, Trade and Economic Development—as well as a large number of private and public agencies and organizations in communities across Washington.

JLARC is working with the Washington State Institute for Public Policy to look at client outcomes in **WorkFirst**. The Institute has compared **WorkFirst** with AFDC and found generally positive results. The Institute will be looking at employment and welfare use impacts for clients involved in *Job Search*.

JLARC's continuing evaluation will give the Washington Legislature periodic oversight of **WorkFirst**.

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JLARC Examined State Government Performance in 1999

JLARC evaluated the performance of a wide range of state government activities in 1999, leading to over 65 recommendations to improve their effectiveness. State agencies should be implementing changes over the ensuing months and years. JLARC will follow up on these recommendations and keep track of their progress. What did we review in 1999 and what were our major findings and recommendations?

Education Policy and Funding

- **K-12 Finance and Student Performance Study: Funding, Performance, Staffing, and Student Outcomes.** This study found Washington has an equitable funding system, but also one of the largest student-teacher ratios in the country. Reducing this ratio can lead to better test scores, although investing in teacher quality and reorganizing school time and resources can improve test scores more at less cost. External factors such as family income and education had the most influence on student test scores. To support education reform and accountability, JLARC recommended that the Office of Superintendent of Public Instruction (OSPI) start collecting data on the number of bilingual, highly capable, and special education students enrolled in individual schools. *(September 1999)*

Human Services

- **In-Home Care: Improve Quality Assurance.** JLARC evaluated quality assurance measures for in-home care services to nursing home and Medicaid-eligible elderly and disabled persons in Washington. The Committee recommended improvements to monitoring, oversight, quality assurance, and investigation practices. The 1999 Legislature incorporated several of these recommendations in policy and budget legislation. *(February 1999)*
- **Developmental Disabilities: Improve Resource Projections, Quality Assurance, and Coordination.** Effective management of the Department of Social and Health Service's (DSHS) Division of Developmental Disabilities was a legislative concern. JLARC's review found the agency made progress in forecasting and planning its resources to meet clients' current and future needs. However, the agency should link its estimates of needed resources to performance outcomes, strengthen its quality assurance methods, and communicate its coordination efforts better to staff who do case management. *(February 1999)*
- **Certificate of Need: Reform, Repeal, or Study.** A review found that Washington's Certificate of Need has **not** controlled overall health care or hospital costs and has had mixed effects on quality, costs, and availability of non-hospital services. Suggested future options included reform, repeal, or economic impact studies. *(January 1999)*

Economic Development and Assistance

► **Rural Natural Resource Impact Areas Programs: Mixed Review of Impacts.**

To aid our rural economies dependent on natural resources, the Washington Legislature in 1991 undertook a number of interventions. This sunset review examined the impacts of: extended unemployment benefits linked to training; various loan, grant, and technical assistance efforts; and related social service and educational programs. Impacts are mixed, and JLARC made 12 recommendations to improve these economic assistance efforts. *(September 1999)*

► **Linked Deposit: JLARC Recommends Improvements.**

To help businesses owned by minorities and women get easier access to capital, the legislature created the Linked Deposit Program in 1993. JLARC found no criteria for evaluating lack of access to capital, weak program controls, and little in the way of performance measures. JLARC recommended both statutory and program changes to improve Linked Deposit. *(September 1999)*

► **Rural Area Marketing Plan: “Lessons Learned” about Economic Development Efforts.**

The 1997 Assistance for Rural Distressed Areas Act had a sunset clause requiring a JLARC evaluation. Our sunset review described the impact of tax transfer and credit efforts targeted at rural, distressed areas in Washington. JLARC also suggested six directions to keep in mind when evaluating impacts of economic development programs. *(November 1999)*

► **Horse Racing Industry Studies: Mixed Results from Policy Initiatives.**

The legislature undertook two policy initiatives in 1997 and 1998 to underpin the economic health of Washington’s horse racing industry. Our combined study and sunset review found mixed impacts of a positive nature from these initiatives. JLARC recommended continuation of a reduction in the parimutuel tax—one of the initiatives to assist the industry—as well as consideration of a funding source for agricultural fairs, formerly supported by a portion of the parimutuel tax. *(December 1999)*

JLARC received the *1999 Excellence in Evaluation Award* from the National Conference of State Legislatures (NCSL). This award recognized JLARC’s accomplishments in performance auditing from its national legislative peers.

Transportation Agencies

Washington’s 1997-99 Transportation Budget directed four studies to JLARC—Department of Transportation’s (DOT) Highways and Rail Programs, Washington State Ferries, Department of Licensing, and Washington State Patrol. The latter two were completed in 1999.

► **Washington State Patrol: Strong Agency Performance Can Be Improved.**

JLARC completed a comprehensive performance review of the Washington State Patrol. Findings addressed issues of legislative interest such as: use of WSP’s resource planning and allocation model; the effect of overtime on retirement; the cost of patrolling county roads; and a replacement method for patrol cars. Major recommendations were directed at revamping the patrol allocation model (PAM) and making investments in technology to enhance performance. *(February 1999)*

► **Department of Licensing: Steps to Improve Customer Service.**

This performance audit, conducted by PricewaterhouseCoopers under contract to JLARC, examined the driver and motor vehicle licensing functions of the Department. Recommendations were directed at improving customer service and customer access. *(March 1999)*

JLARC's Performance Reviews for 2000 Underway

JLARC gets its studies in two ways. First, both in budget and policy statutory language, the legislature directs sunset reviews, performance audits, program evaluations, and special studies to our Committee. Such mandated studies have dominated our work of the past several biennia. Second, JLARC initiates its own studies after soliciting study and performance audit suggestions from legislators and legislative staff. Our work schedule for 2000 includes both kinds of assignments.

- **Mental Health Studies.** The 1999-2001 Biennial Budget directs a comprehensive study of Washington's community mental health system. This study will assess program management, service delivery, client outcome, and funding system issues. Two related studies will assess the impacts of extending involuntary and public safety mental health commitments. *Final report[s] due—December 2000.*
- **WorkFirst Evaluation.** JLARC will continue its mandated evaluation of WorkFirst's implementation through the 1999-2001 Biennium. Outcomes for WorkFirst services on welfare use, employment, wages and hours worked, as well as evaluations of the costs and benefits of these services will be explored. *Progress reports during 1999-2001.*
- **Child Support Collection Performance Audit.** A JLARC-initiated study, this performance audit will examine the effectiveness of the Division of Child Support's collection programs, and the economy and efficiency of its collection operations. Included in the audit will be an evaluation of the Division's forecast models. *Final report anticipated—June 2000.*
- **Environmental Grant and Loan Programs Performance Audit.** Environmental quality programs funded through the capital budget will be the focus of a performance review addressing program purpose, project eligibility, project selection process, decision-making structures, and project performance and evaluation measures. Outcomes from capital budget investments will be examined. *Phase I report due—December 2000.*
- **Other Studies.** During 2000, JLARC will also undertake and complete studies of the Public Disclosure Commission, the Diabetes Cost Reduction Act, K-12 Special Education, and Quality Assurance of Adult Family Homes.

Audit Follow-up Tracks Earlier Recommendations

JLARC follows up on its major studies, and in 1999 we followed up on earlier reviews of the Department of Corrections, the Workers' Compensation Program, the Washington Conservation Corps, and WorkFirst. These reviews look at whether JLARC findings and recommendations contribute to change and improved performance in state government in Washington. We endeavor to show that the legislature takes performance reviews seriously and uses periodic "checking back" to ensure accountability. We will continue these and have scheduled additional follow-up reviews in 2000.

For further information on materials in this report, get in touch with JLARC's Legislative Auditor and staff director—Tom Sykes—at (360)786-5175 or sykes_to@leg.wa.gov. Check out our website for more detailed information on studies completed during 1999, as well as earlier.

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